

Message Text

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ORIGIN NEA-09

INFO OCT-01 ISO-00 EB-07 FEA-01 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-03 XMB-02 OPIC-03

FTC-01 AF-06 EA-06 ARA-06 /104 R

DRAFTED BY NEA/ARP:GQLUMSDENJR:SKG

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FM SECSTATE WASHDC

TO AMEMBASSY KUWAIT

AMEMBASSY ABU DHABI

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E.O. 11652: N/A

TAGS: EFIN, EINV, KU, TC, US

SUBJECT: TRIANGULAR INVESTMENT: TRAVEL OF AMBASSADOR(RET)
HORACE H. SMITH TO KUWAIT AND ABU DHABI

REF: KUWAIT 0670

1. REFTEL NOTES KUWAIT INDUSTRIAL BANK TO ASSUME LARGER
ROLE IN KUWAIT'S EXTERNAL INVESTMENTS AND THAT BANK IS
WILLING TO EXTEND LOANS TO U.S. BUSINESSMEN INVOLVED IN
TRIPARTITE INVESTMENTS OR LDC JOINT VENTURES, ALTHOUGH
THERE HAVE SO FAR BEEN A DEARTH OF SUCH PROPOSALS.

2. RECEIPT OF REFTEL COINCIDED WITH DEPARTMENTAL CONSULTA-
TIONS SOUGHT BY FORMER FSO AND AMBASSADOR (TO LAOS) HORACE
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H. SMITH, WHO HAS ALREADY PLANNED TRIP TO KUWAIT AND

ABU DHABI DURING PERIOD FEBRUARY 18 - MARCH 3. WE HAVE ENCOURAGED SMITH TO EXPLORE INDUSTRIAL BANK'S RECEPTIVENESS TO SEVERAL DETAILED AND SPECIFIC CO-INVESTMENT PROPOSALS HE WILL BE CARRYING WITH HIM.

3. ON LEARNING OF SMITH'S INTENTIONS, WE ADVISED HIM TO BE PREPARED "TO WALK SLOW AND DRINK A LOT OF WATER," BECAUSE OF HEAVY COMPETITION AMONG WESTERN BUSINESSMEN TRYING TO SEE KUWAIT AND ABU DHABI MONEY MANAGERS. HE SAYS HE WILL

CONCENTRATE ON KUWAIT, WHERE HE WOULD APPRECIATE EMBASSY BRIEFING AND POINTING HIM TOWARDS KIC, KFTCIC, KIIC, AND INDUSTRIAL BANK. WE HAVE GIVEN HIM APPROPRIATE NAMES OF OFFICERS CONNECTED WITH EACH, AND ALTHOUGH HE IS PREPARED TO DO HIS OWN THING DURING TWO WEEKS HE WILL SPEND IN AREA, WE ARE SURE HE WOULD BE VERY GRATEFUL FOR SOME EMBASSY GUIDANCE AT START.

4. RE HIS PROJECTS: WE UNDERSTAND THEY CONCENTRATE ON-- BUT MAY NOT BE LIMITED TO--WESTERN HEMISPHERE LDC'S. HE UNDERSTANDS CONCEPTUAL PROBLEM HE MAY ENCOUNTER WITH RESPECT TO INVESTMENT NOT IN AFRO-ASIAN MILIEU, BUT PRECISE, DETAILED NATURE OF HIS PRESENTATIONS SHOULD CONTRAST WITH GENERALIZED TRIANGULAR INVESTMENT DISCUSSIONS KUWAITIS HAVE BEEN GIVEN IN PAST. ALSO, SMITH SAYS HE HAS ADJUSTED EACH PROJECT TO INCLUDE 20 PERCENT KUWAITI OR UAE EQUITY AND DIRECT ARAB PARTICIPATION IN "EVERY PROFIT-MAKING PHASE OF THE OPERATION."

5. FOR ABU DHABI: AMBASSADOR SMITH WILL BE COMMUTING INTO ABU DHABI FROM AL-AIN HILTON DURING PERIOD FEB 25-28. HE HAS NAMES OF SAME ABU DHABI MONEY MANAGERS EVERYONE ELSE HAS (HABROUSH, ZEKI, BUTTER), BUT WOULD APPRECIATE ANY ADDITIONAL SUGGESTIONS AMBASSADOR OR COMMERCIAL OFFICER FINNERTY MIGHT WISH TO MAKE.

6. ADDITIONAL DATA ON SMITH VISIT HAS BEEN POUCHED TO ADDRESSEE POSTS.
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